

**CHESTER COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

**FINANCIAL STATEMENTS  
AND AUDITOR'S REPORTS**

**FOR THE YEAR ENDED JUNE 30, 2009**

**Ronnie L. Clay  
Certified Public Accountant  
740 Johnson's Crossroad  
Jacks Creek, TN 38347**

**CHESTER COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
JUNE 30, 2009**

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## **INTRODUCTORY SECTION**

**CHESTER COUNTY EMERGENCY COMMUNICATION DISTRICT  
P.O. BOX 34  
HENDERSON, TENNESSEE 38340**

**DIRECTOR:**

**Jessica Reddin**

**BOARD OF DIRECTORS:**

**Lynn Helton, Chairman**

**Jim Vest, Vice Chairman**

**Renee Phelps**

**Mike Burkhead**

**Cyndi Kilzer**

**Johnny Farris**

**Al McKinnon**

**Bobby King**

**APPOINTED OFFICERS:**

**Tracy Climer, Secretary/Treasurer**

**CHESTER COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**June 30, 2009**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Chester County Emergency Communications District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2009. Please read it in conjunction with the District's financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of fund financial statements. These financial statements provide information about the activities and operations of the District.

**The Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Fund Net Assets, and the Statement of Cash Flows**

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Fund Net Assets, and the Statement of Cash Flows report information about the District's activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These statements report the District's net assets, changes in net assets, and cash flows. You can think of the District's net assets - the difference between assets and liabilities - as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

**THE DISTRICT'S CONDENSED FINANCIAL INFORMATION**

The District's activities are reported using a proprietary (business-type) fund. For the years ended June 30, 2008, and 2009, net assets changed as follows:

	June 30, 2008	June 30, 2009
Beginning net assets	\$ 279,421.55	\$ 345,944.99
Increase in net assets	66,523.44	109,213.42
Ending net assets	\$ 345,944.99	\$ 455,158.41

This represents an increase of 23.8% for 2008, and an increase of 31.6% for 2009. The ending net assets for 2009 are presented in three categories in the Statement of Net Assets as follows:

Invested in capital assets	\$ 51,615.87
Restricted	
Unrestricted	403,542.54
	\$ 455,158.41

Unrestricted net assets represents the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

**CHESTER COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**June 30, 2009**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Continued)**

The following schedules present a summary of revenue and expenses for the year ended June 30, 2009, and the amount and percentage of increases and decreases in relation to the prior year.

	June 30, 2009 Amount	June 30, 2008 Amount	Increase (Decrease) from 2008 FYE	Percent Increase (Decrease)
Operating revenue	184,103.13	102,289.58	81,813.55	79.98%
Non-operating revenue	61,364.12	96,306.63	-34,942.51	-36.28%
Expenses	136,253.83	132,072.77	4,181.06	3.17%

The increase in operating revenue and decrease in non-operating revenue are the result of reclassifying TECB operational funding from non-operating revenue in 2008, to operating revenue in 2009

**BUDGETARY HIGHLIGHTS**

Total operating revenue was over budget by \$9,934.13. Total operating expenses were under budget by \$48,178.97, and all line items were within budget except for depreciation expense, which is not required to be budgeted.

**CAPITAL ASSETS**

At the end of June 30, 2009, the District had \$51,615.87 invested in capital assets, net of accumulated depreciation. A schedule of these assets follows.

	Cost	Accum. Depr.	Net
Furniture & Fixtures	\$ 2,384.94	\$ 1,844.62	\$ 540.32
Office Equipment	21,589.64	16,003.49	5,586.15
Communications Equipment	109,452.81	69,631.71	39,821.10
Vehicles	17,900.00	12,231.70	5,668.30
	<u>\$ 151,327.39</u>	<u>\$ 99,711.52</u>	<u>\$ 51,615.87</u>

There were additions to capital assets during the current year as follows: Communications equip. \$25,559.74

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

We do not anticipate any economic factors which would have a material effect on operations for the next fiscal year ending June 30, 2010. The budget for fiscal year 2010 does not include any large, unusual items.

## **FINANCIAL SECTION**

**RONNIE L. CLAY**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**740 Johnson's Crossroad**  
**Jacks Creek, Tennessee 38347**

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Chester County Emergency Communications District  
Henderson, Tennessee

We have audited the accompanying financial statements of Chester County Emergency Communications District (E911), a component of Chester County, Tennessee, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of Chester County Emergency Communications District's (E911) management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only Chester County Emergency Communications District and are not intended to present fairly the financial position of Chester County, Tennessee, and the results of its operations and cash flows of its proprietary fund types in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chester County Emergency Communications District (E911), as of June 30, 2009, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, presented as required supplementary information on pages 5-6, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Our audit was conducted for the purpose of forming an opinion on the financial statements of Chester County Emergency Communications District. The introductory section and the supplementary information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in these sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2010, on our consideration of Chester County Emergency Communications District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Ronnie L. Clay*

Jacks Creek, TN  
June 2, 2010

**CHESTER COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**Statement of Net Assets**  
**Proprietary Fund**  
**June 30, 2009**

**ASSETS**

**Current Assets:**

Cash in Bank: Checking	\$ 269,170.87	
Petty cash	91.25	
Total Cash and Cash Equivalents		\$ 269,262.12
Certificate of Deposit		106,989.95
Revenue Receivable		28,104.45
Prepaid Expenses		487.76
Miscellaneous receivable		
Total Current Assets		\$ 404,844.28

**Non-current assets:**

Furniture & Fixtures	2,384.94	
Less Accum. Depreciation	(1,844.62)	
Office Equipment	21,589.64	
Less Accum. Depreciation	(16,003.49)	
Communications Equipment	109,452.81	
Less Accum. Depreciation	(69,631.71)	
Vehicles	17,900.00	
Less Accum. Depreciation	(12,231.70)	
Total non-current assets		51,615.87

<b>Total Assets</b>	<b>\$ 456,460.15</b>
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**LIABILITIES**

**Current Liabilities:**

Accounts Payable	\$ 1,301.74	
Total Current Liabilities		\$ 1,301.74
Total Liabilities		1,301.74

**NET ASSETS**

Invested in capital assets	51,615.87
Restricted	0.00
Unrestricted	403,542.54
<b>Total Net Assets</b>	<b>\$ 455,158.41</b>

The accompanying notes are an integral part of these financial statements.

**CHESTER COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Fund**  
**Year Ended June 30, 2009**

**Operating Revenue:**

Emergency Telephone Service Charge	\$ 64,104.64
State ECB - Shared Wireless Charge	33,829.73
State ECB - Operational Funding	86,168.76
Total Operating Revenue	\$ 184,103.13

**Operating Expenses:**

**Salaries and Wages:**

Director	29,061.91
Dispatchers	30,000.00
Overtime pay	1,169.80
Part-time personnel	5,412.00
Total Salaries and Wages	65,643.71

**Employee Benefits:**

Medical insurance	1,401.00
Total Employee Benefits	1,401.00

**Contracted Services:**

Mapping expense	
Advertising	259.65
Auditing services	3,000.00
Accounting services	
Contracts with private agencies	
Fees paid to service providers	35,040.27
Legal services	
Maintenance agreements	1,660.00
NCIC/TBI/TIES expenses	
Other consultants, RFP specifications	1,800.00
Maintenance & repairs - communications equipment	891.86
Maint. & repairs, buildings & facilities	
Maintenance & repairs - office equipment	564.75
Maint. & repairs, vehicles	438.00
Fuel - Vehicles	850.91
Maintenance & upkeep - grounds	
Total contracted services	44,505.44

**Supplies & Materials:**

Office supplies	2,490.05
Custodial supplies	
Postage	68.36
Small equipment purchases	287.46
Uniforms & shirts	
Utilities - Cell phone & pagers	1,283.50
Utilities - water	
General Telephone	
Wireless locator charges	
Total supplies & materials	4,129.37

**CHESTER COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Fund**  
**Year Ended June 30, 2009**

<b>Other Charges:</b>	
Bank charges	
Board meeting expense	
Dues and memberships	827.00
Insurance - building and contents	
Insurance, vehicles	1,302.93
Licenses and fees	
Premiums on surety bonds	849.00
Public education	580.00
Training expenses	130.00
Travel expenses	1,826.22
Internet charges	659.88
Total other charges	<u>6,175.03</u>
Operating Expenses, before depreciation	<u>121,854.55</u>
Depreciation	14,399.28
Total operating expenses	<u>136,253.83</u>
Net Operating Income	<u>47,849.30</u>
Non-operating revenue (expense):	
Interest income	8,407.13
State ECB grants	52,956.99
Interest expense	
Rental income	
Total non-operating revenue (expense)	<u>61,364.12</u>
Increase (decrease) in net assets	<u>109,213.42</u>
Net assets, beginning of year	345,944.99
Net assets, end of year	<u>\$ 455,158.41</u>

The accompanying notes are an integral part of these financial statements.

**CHESTER COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year ended June 30, 2009**

<b>Cash flows from operating activities:</b>	
Receipts from telephone companies	\$ 64,346.04
Receipts from wireless charges	31,899.02
Receipts from TECB operational funding	71,807.30
Miscellaneous refunds	54.88
Payments to suppliers for goods and services	(54,288.11)
Payments for payroll, taxes, and related benefits	(66,444.71)
Net cash provided (used) by operating activities	<u>\$ 47,374.42</u>
<b>Cash flows from noncapital financing activities:</b>	
Grants/reimbursements from State ECB	52,956.99
Net cash provided (used) by noncapital financing activities	<u>52,956.99</u>
<b>Cash flows from capital and related financing activities:</b>	
Purchase of capital assets	(25,559.74)
Principal payments on long-term debt	
Interest paid on long-term debt	
Net cash provided (used) by capital and related financing activities	<u>(25,559.74)</u>
<b>Cash flows from investing activities:</b>	
Interest income	8,407.13
( Increase) decrease in certificates of deposit	(3,469.29)
Net cash provided (used) by investing activities:	<u>4,937.84</u>
Net increase (decrease) in cash and cash equivalents	<u>79,709.51</u>
Balances, beginning of year	189,552.61
Balances, end of year	<u>\$ 269,262.12</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ 47,849.30
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Cash flows reported in other categories: Rental income	
Depreciation expense	14,399.28
Change in assets and liabilities:	
Receivables	(16,050.77)
Prepaid expenses	(22.37)
Miscellaneous receivable	54.88
Accounts payable	1,144.10
Accrued expenses	
Net cash provided by operating activities	<u>\$ 47,374.42</u>

See accompanying notes to the basic financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**CHESTER COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Unit**

The Chester County Emergency Communications District is a component unit of Chester County, Tennessee. The Chester County Board of Commissioners appoints the District's Board of Directors.

The County has the statutory authority to significantly influence operations. This authority includes, but is not limited to, control over all assets, including the facilities and properties, short-term and long-term borrowing, and signing contracts.

**Basis of Accounting**

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District accounts for its activities using the accrual basis of accounting. Revenue is recognized when it is earned, and expenses are recognized when they are incurred.

**Income Taxes**

The District is exempt from federal and state income taxes since it is a political subdivision of the State of Tennessee.

**Budget and Budgetary Accounting**

Budget is adopted on a basis consistent with generally accepted accounting principles. The director and secretary prepare the proposed budget, which is presented to the board for review and changes as the board considers necessary. The final budget is approved and adopted by the board.

As an extension of the formal budgetary process, the Board may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. All unexpended appropriations lapse at the end of the fiscal year unless the Board authorizes retention.

The policy is not to allow expenditures to exceed budgetary amounts at the individual line-item expenditure level without obtaining additional appropriation approval from the Board. For the current year, total operating expenses were under budget. The only line item over budget was depreciation expense, which is not required to be budgeted.

**Deposits and Investments**

The District considers cash on hand, demand deposits and all highly liquid investments with maturity of three months or less from date acquired to be cash equivalents. State statutes authorize the District to invest in obligations of the U. S. Treasury, certificates of deposit and the pooled investment fund established by the State.

All cash and cash equivalents at June 30, 2009, \$269,262.12, consisted of demand deposits whose book value approximated market, and a small petty cash fund.

**CHESTER COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009**

**Property and Equipment**

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method at rates adequate to allocate the cost of applicable assets over their expected useful lives. The estimated useful lives are as follows:

Furniture and fixtures	10 years
Equipment	5-10 years

Interest cost incurred on short-term interim financing during the construction period of fixed assets is capitalized as a part of the cost of asset.

**Accumulated Vacation and Sick Leave**

The District's employees are paid by the county, and the District reimburses the county. Accumulated vacation and sick leave, if any, would be reported by the county.

**NOTE 2- GEOGRAPHIC OPERATIONS**

The District's operations are within Chester County, Tennessee, and it derives its revenue primarily from user charges to customers within Chester County, Tennessee.

**NOTE 3- CASH**

Cash consisted of the following:

Checking Account – First State Bank	\$ 30,479.61
Checking Account – First State Bank money market	238,691.26
Petty cash fund	91.25
Total cash and cash equivalents	<u>\$269,262.12</u>

These funds are insured by FDIC up to \$250,000.00. First State Bank participates in a collateral pool which secures funds in excess of \$250,000.00. The District has no contractual arrangement with the bank regarding funds on deposit.



**CHESTER COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

**NOTE 4 - FIXED ASSETS**

A summary of changes in fixed assets for the fiscal year is as follows:

	Balance 7/1/2008	Additions	Retirements	Balance 6/30/2009
Furniture & Fixtures	2,384.94			2,384.94
Accum. depr., Furn. & fixtures	(1,750.40)	(94.70)		(1,845.10)
	634.54	(94.70)	0.00	539.84
Office Equipment	21,589.64			21,589.64
Accum. depr., Office equipment	(12,804.54)	(3,198.63)		(16,003.17)
	8,785.10	(3,198.63)	0.00	5,586.47
Communication Equipment	83,893.07	25,559.74		109,452.81
Accum. depr., Communication equip.	(62,106.30)	(7,525.95)		(69,632.25)
	21,786.77	18,033.79	0.00	39,820.56
Vehicles	17,900.00			17,900.00
Accum. depr., Vehicles	(8,651.00)	(3,580.00)		(12,231.00)
	9,249.00	(3,580.00)	0.00	5,669.00
Total fixed assets	40,455.41	11,160.46	0.00	51,615.87

**CHESTER COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

**NOTE 5- RELATIONS WITH OTHER GOVERNMENTS**

The salaries budgeted and reported for the director (\$29,062) and dispatcher (\$30,000) are in the form of reimbursements to Chester County, Tennessee, the primary government. These personnel—county employees—are essential to the performance of the District's emergency services to the County.

**NOTE 6- FASB PRONOUNCEMENTS SUBSEQUENT TO NOVEMBER 30, 1989**

Proprietary funds have the option of consistently following or not following Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989. The Chester County Emergency Communications District selected the option of not following the pronouncements subsequent to November 30, 1989.

**NOTE 7- RISK MANAGEMENT CLAIMS AND JUDGMENTS**

Property and liability coverage is provided by Chester County. Consequently, the District is not required to record risk management activities. Settlement amounts have not been incurred since operation of the District began in 1994. Presently, no unpaid claims liabilities are pending.

**NOTE 8 – SEGMENT INFORMATION FOR ENTERPRISE FUND**

Additions to fixed assets	\$	25,560
Net Working Capital		403,543

## **SUPPLEMENTARY INFORMATION**

**CHESTER COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2009**  
**(Unaudited)**

	Actual	Budget	Variance Favorable (Unfavorable)
<b>Operating Revenue:</b>			
Emergency Telephone Service Charge	\$ 64,104.64	\$63,000.00	\$ 1,104.64
State ECB - Shared Wireless Charge	33,829.73	25,000.00	8,829.73
State ECB - Operational Funding	86,168.76	86,169.00	(0.24)
<b>Total Operating Revenue</b>	<b>\$ 184,103.13</b>	<b>\$ 174,169.00</b>	<b>9,934.13</b>
<b>Operating Expenses:</b>			
<b>Salaries and Wages:</b>			
Director	29,061.91	\$30,000.00	938.09
Dispatchers	30,000.00	30,000.00	0.00
Overtime pay	1,169.80	1,169.80	0.00
Part-time personnel	5,412.00	9,500.00	4,088.00
<b>Total Salaries and Wages</b>	<b>65,643.71</b>	<b>70,669.80</b>	<b>5,026.09</b>
<b>Employee Benefits:</b>			
Medical insurance	1,401.00	1,800.00	399.00
<b>Total Employee Benefits</b>	<b>1,401.00</b>	<b>1,800.00</b>	<b>399.00</b>
<b>Contracted Services:</b>			
Mapping expense		10,000.00	10,000.00
Advertising	259.65	1,000.00	740.35
Auditing services	3,000.00	3,000.00	0.00
Accounting services			0.00
Architects			0.00
Contracts with private agencies			0.00
Fees paid to service providers	35,040.27	40,000.00	4,959.73
Legal services			0.00
Maintenance agreements	1,660.00	5,000.00	3,340.00
Mapping/data base consultants		5,000.00	5,000.00
Other consultants, RFP specifications	1,800.00	3,000.00	1,200.00
Pest control			0.00
Rent - Building & facilities			0.00
Rent - Office equipment			0.00
Maintenance & repairs - communications equipment	891.86	5,000.00	4,108.14
Maint. & repairs, buildings & facilities			0.00
Maintenance & repairs - office equipment	564.75	2,000.00	1,435.25
Maint. & repairs, vehicles	438.00	5,000.00	4,562.00
Fuel - Vehicles	850.91	2,500.00	1,649.09
Maintenance & upkeep - grounds			0.00
<b>Total contracted services</b>	<b>44,505.44</b>	<b>81,500.00</b>	<b>36,994.56</b>
<b>Supplies &amp; Materials:</b>			
Office supplies	2,490.05	5,000.00	2,509.95
Custodial supplies			0.00
Postage	68.36	220.00	151.64
Small equipment purchases	287.46	5,000.00	4,712.54
Uniforms & shirts			0.00
Utilities - cell phone & pagers	1,283.50	2,200.00	916.50
Utilities - water			0.00
General Telephone			0.00
Wireless locator charges			0.00
<b>Total supplies &amp; materials</b>	<b>4,129.37</b>	<b>12,420.00</b>	<b>8,290.63</b>

**CHESTER COUNTY EMERGENCY COMMUNICATIONS DISTRICT**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2009**

	Actual	Budget	Variance Favorable (Unfavorable)
<b>Other Charges:</b>			
Bank charges			0.00
Other misc. supplies			0.00
Board meeting expense			0.00
Dues and memberships	827.00	1,000.00	173.00
Insurance - building and contents			0.00
Insurance, vehicles	1,302.93	1,500.00	197.07
Licenses and fees			0.00
Premiums on surety bonds	849.00	1,000.00	151.00
Public education	580.00	1,000.00	420.00
Training expenses	130.00	1,750.00	1,620.00
Other charges			0.00
Travel expenses	1,826.22	3,000.00	1,173.78
Internet charges	659.88	1,500.00	840.12
<b>Total other charges</b>	<b>6,175.03</b>	<b>9,250.00</b>	<b>3,074.97</b>
<b>Operating Expenses, before depreciation</b>	<b>121,854.55</b>	<b>175,639.80</b>	<b>53,785.25</b>
<b>Depreciation</b>	<b>14,399.28</b>	<b>8,793.00</b>	<b>(5,606.28)</b>
<b>Total operating expenses</b>	<b>136,253.83</b>	<b>184,432.80</b>	<b>48,178.97</b>
<b>Net Operating Income</b>	<b>47,849.30</b>	<b>(10,263.80)</b>	<b>58,113.10</b>
<b>Non-operating revenue (expense):</b>			
Interest income	8,407.13	2,000.00	6,407.13
State ECB grants	52,956.99	143,340.00	(90,383.01)
Interest expense			0.00
Misc. income			0.00
Rental income			0.00
<b>Total non-operating revenue (expense)</b>	<b>61,364.12</b>	<b>145,340.00</b>	<b>(83,975.88)</b>
<b>Increase (decrease) in net assets</b>	<b>109,213.42</b>	<b>135,076.20</b>	<b>(25,862.78)</b>
<b>Net assets, beginning of year</b>	<b>345,944.99</b>	<b>345,944.99</b>	<b>0.00</b>
<b>Net assets, end of year</b>	<b>\$ 455,158.41</b>	<b>\$ 481,021.19</b>	<b>(25,862.78)</b>

The accompanying notes are an integral part of these financial statements.

**CHESTER COUNTY EMERGENCY COMMUNICATION DISTRICT**  
**P.O. BOX 34**  
**HENDERSON, TENNESSEE 38340**  
**JUNE 30, 2009**  
**(Unaudited)**

**SCHEDULE OF REQUIRED INFORMATION**

- A. The number of public safety answering points (PSAP)
- One (1)
- B. The address of each PSAP
- 126 Crook Avenue  
Henderson, Tennessee 38340
- C. The type of system/equipment and database used by each PSAP
- Phrend Alicontroller
- D. The name, address, telephone number, and fax number of the director of the Emergency Communication District are as follows:
- Jessica Reddin  
P.O. Box 34  
Henderson, Tennessee 38340
- Phone 731-989-2119  
Fax 731-989-2107
- E. The name, address, telephone number and fax number of the chairman of the Emergency Communication District are as follows:
- Lynn Helton  
105 South Franklin Ave.  
Henderson, Tennessee 38340
- Phone 731-989-2236  
Fax 731-989-2107

**RONNIE L. CLAY**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**740 Johnson's Crossroad**  
**Jacks Creek, Tennessee 38347**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Chester County Emergency Communications District  
Henderson, Tennessee

We have audited the financial statements of Chester County Emergency Communications District (E911), a component unit of Chester County, TN, as of and for the year ended June 30, 2009, and have issued our report thereon dated June 2, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Chester County Emergency Communications District's (E911) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Chester County Emergency Communications District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Chester County Emergency Communications District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Chester County Emergency Communications District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Chester County Emergency Communications District's financial statements that is more than inconsequential will not be prevented or detected by the Chester County Emergency Communications District's internal control.

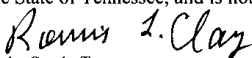
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Chester County Emergency Communications District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Chester County Emergency Communications District's (E911) financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management and the Comptroller of the Treasury of the State of Tennessee, and is not intended to be and should not be used by anyone other than these specified parties.

  
Jacks Creek, Tennessee  
June 2, 2010



**CHESTER COUNTY EMERGENCY COMMUNICATION DISTRICT**  
**P.O. BOX 34**  
**HENDERSON, TENNESSEE 38340**  
**JUNE 30, 2009**

**SCHEDULE OF FINDINGS**

**PRIOR YEAR AUDIT FINDINGS**

NONE

**CURRENT YEAR AUDIT FINDINGS**

NONE